

Quarterly Industrial Outlook Survey: October-December 2011 (56th Round)*

*This article presents the survey findings of Industrial Outlook Survey conducted for **October-December 2011** quarter, the 56th round in the series. It gives the **assessment** of business situation of companies in manufacturing sector, for the quarter **October-December 2011**, and their **expectations** for the ensuing quarter **January-March 2012**. The survey results signal moderation of business conditions in the Indian manufacturing sector for assessment quarter as well as expectation quarter. The Business Expectation Index, a measure that gives a single snapshot of the industrial outlook in each study quarter, marginally increased to 110.1 from 109.4 for assessment quarter but declined to 117.2 from 118.8 for expectation quarter; however, it still remains well above 100, the threshold that separates contraction from expansion.*

Highlights

- Though marginal improvement in Production and Capacity utilization (CU) was reported in the *assessment quarter* as well as *expectation quarter* as compared to the previous round of the survey, decline in net response¹ for Order Books, Exports, Imports indicates moderate **demand conditions** in Indian manufacturing sector.
- **Financial condition** showed lower optimism in both the quarters. Net response on Availability of finance has been on decline in the financial year 2011-12. While increasing proportion of respondents reported rise in ‘Cost of finance’ over previous 7 quarters, the trend appears to have slightly reversed for expectation quarter. Most of the respondents felt that pressure from ‘cost of raw material’ continued and was expected to elevate further in the next quarter. The optimism on ‘selling price’ and ‘profit margins’ further declined in both the assessment and expectation quarter.
- **Industry-wise** analysis showed that majority of the industry groups reported more pessimism about input cost and less optimism about profit margin. However, ‘Food products’, ‘Cement’, ‘Electrical machinery’ and ‘Pharmaceuticals’ industries reported higher optimism in demand conditions.
- **Size-wise analysis** showed that bigger size companies had higher optimism for demand conditions as compared with their smaller counterparts; however, these companies were less optimistic on financial conditions.
- On constrains for attaining normal production level, around one third of the responding companies reported ‘*Uncertainty in Economic Environment*’ for the first time

Introduction:

The Reserve Bank of India has been conducting the Industrial Outlook Survey (IOS) on a quarterly basis since 1998. The Survey gives insight into the perception of the public and private limited companies engaged in manufacturing activities about their own performance and prospects. The assessment of business

* Prepared in the Division of Enterprise Surveys of Department of Statistics and Information Management. The previous article on the subject based on the 55th survey round (July-September 2011) was published in December 2011 Bulletin.

¹ Net Response is the difference of percentage of the respondents reporting an increase and that of reporting decrease.

sentiments for the current quarter and expectations for the ensuing quarter are based on qualitative responses on 20 major parameters covering overall business situation, financial situation, demand indicators, price, profit margins and employment situation. The survey provides useful forward-looking inputs for policymakers, analysts and business alike.

II. Data Coverage and Methodology

II.1 Sample Size

The sample covers a panel of about 2,000 public and private limited companies, mostly with paid-up capital above ₹5 million in the manufacturing sector. The fieldwork for the survey was carried out by an agency during mid-October to mid-December 2011. The panel of respondents is kept uniform to the extent possible with periodic updating in the case of addition of new companies or exclusion of closed/merged companies. The sample is chosen so as to get a good representation of size and industry.

II.2 Response to the Survey

The survey elicited response from 1450 (response rate 72.5%) manufacturing companies.

II.3 Survey Schedule

The survey schedule consists of mainly qualitative questions containing five blocks and the target respondents are senior management personnel or finance heads of the companies.

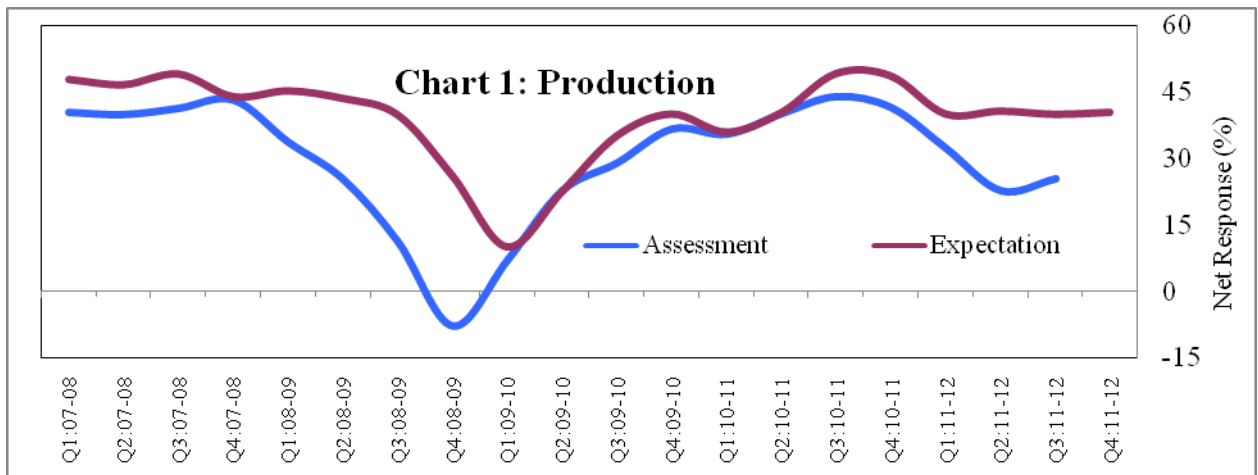
III. Survey Findings

III.1 Demand conditions

The survey collects perceptions of the Indian manufacturers about prominent demand-related parameters, namely, Production, Order Books, Capacity Utilisation, Inventory, Exports and Imports.

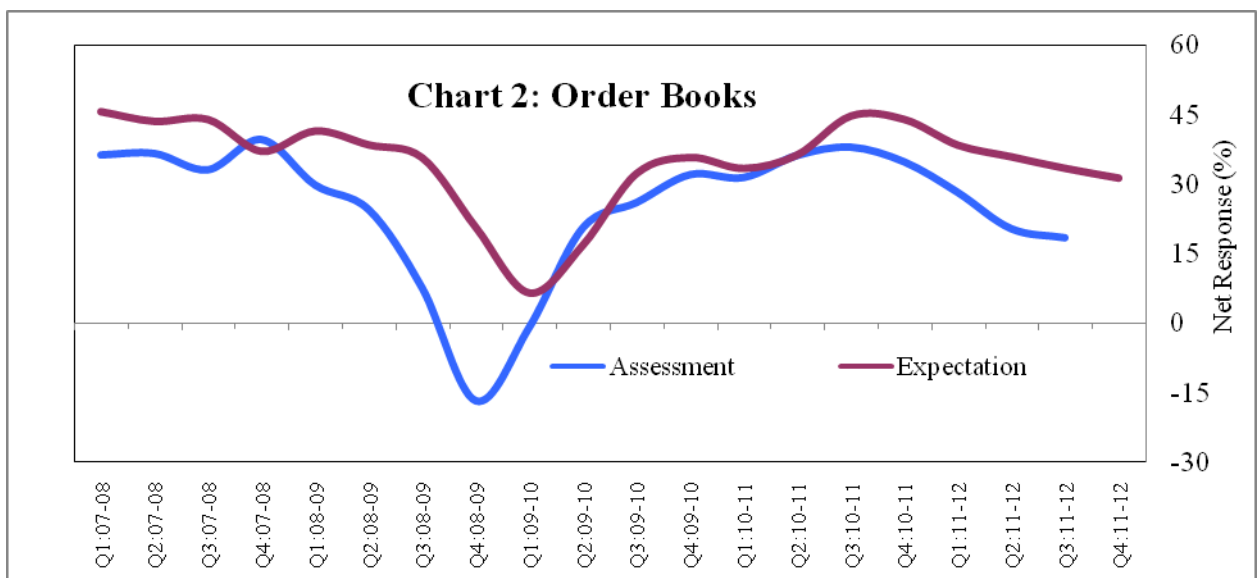
III.1.1 Production

The net response favouring higher production registered a marginal improvement to 25.3 per cent from 22.6 per cent for the assessment quarter and to 40.4 per cent from 39.9 per cent for the expectation quarter ([Table 1](#) and [Chart 1](#)).



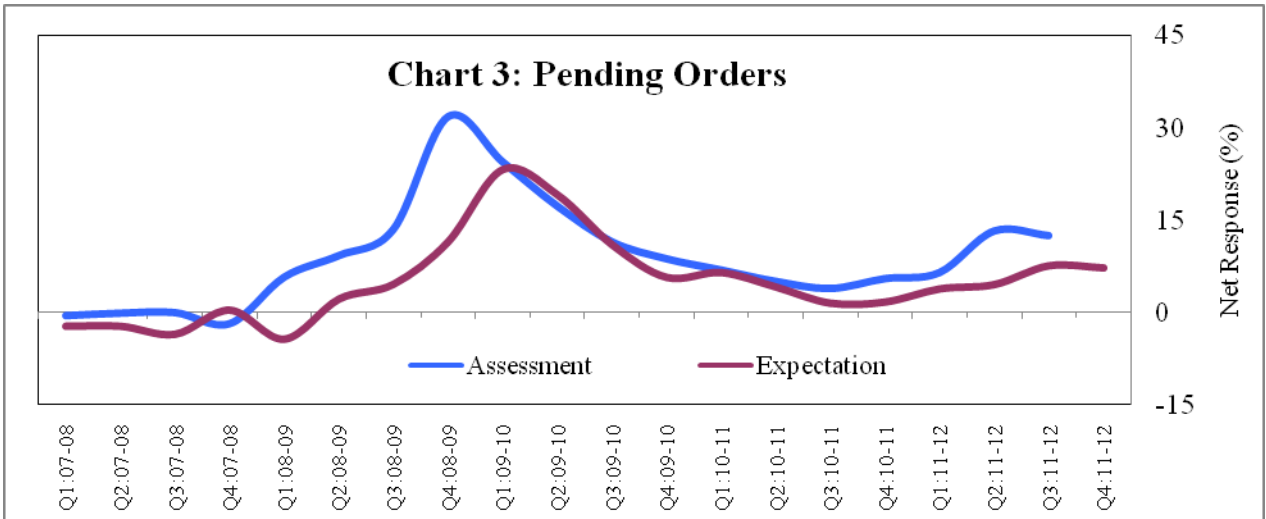
III.1.2 Order Books

However the demand condition in manufacturing companies, as measured by order books position showed a marginal decline in net responses for both the quarters under review ([Table 2](#) and Chart 2).



III.1.3 Pending order

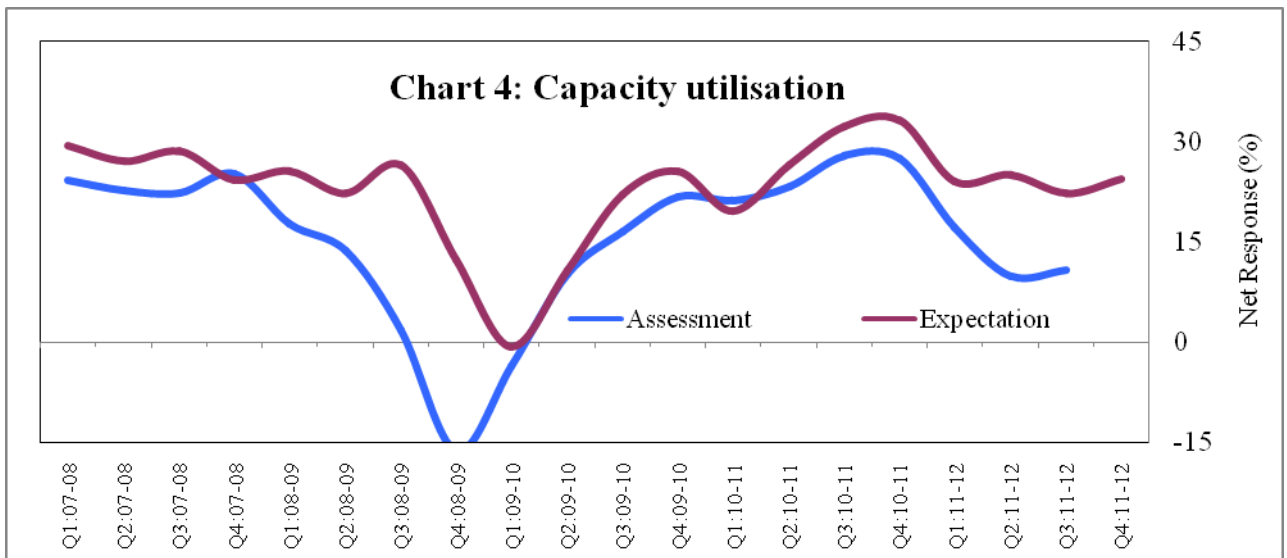
The pending order position was at normal or below normal level for most of the companies in assessment quarter and is expected to remain there in the expectation quarter ([Table 3](#) and Chart 3).



III.1.4 Capacity Utilisation (CU)

The survey collects views of manufacturing companies on change in CU level (increase/decrease / no change) for the main product, level of CU compared to the average in the last four quarters (above normal/ below normal/ normal); and assessment of production capacity with regard to expected demand in the next six months (more than adequate/less than adequate/ adequate).

While about 57 per cent of the respondents reported ‘no change’ in the CU of their main product, a marginal improvement in net response was reported for both the quarters ([Table 4](#) and Chart 4).

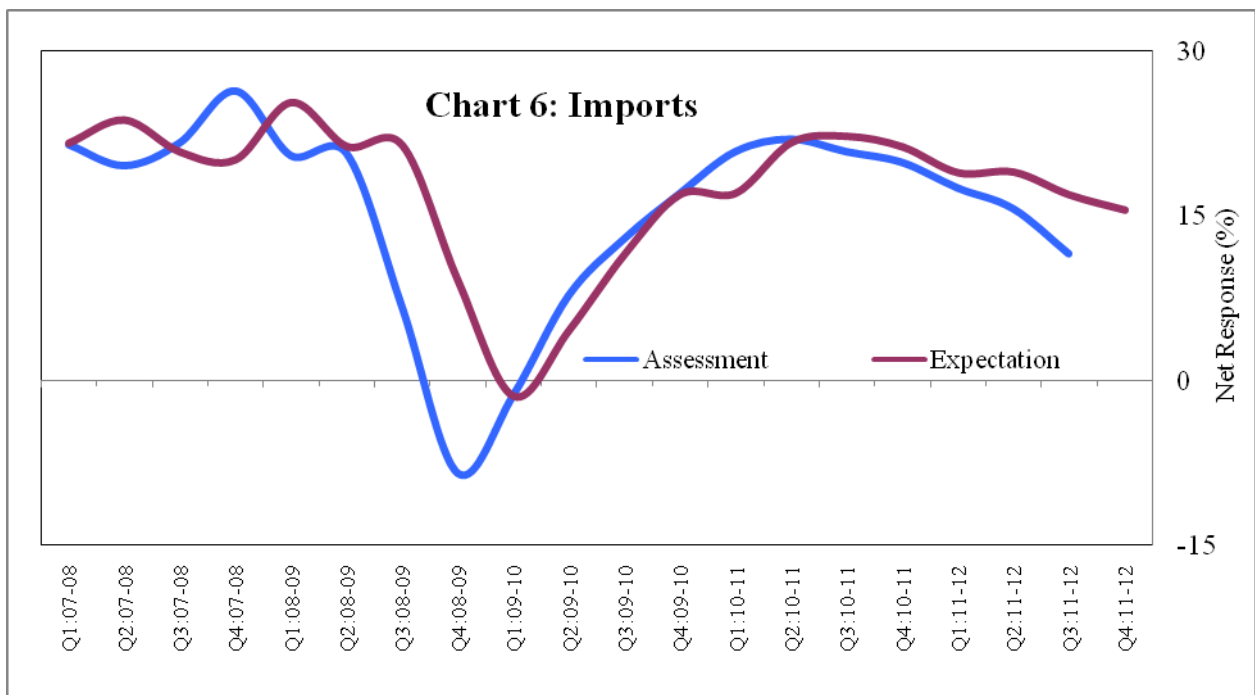
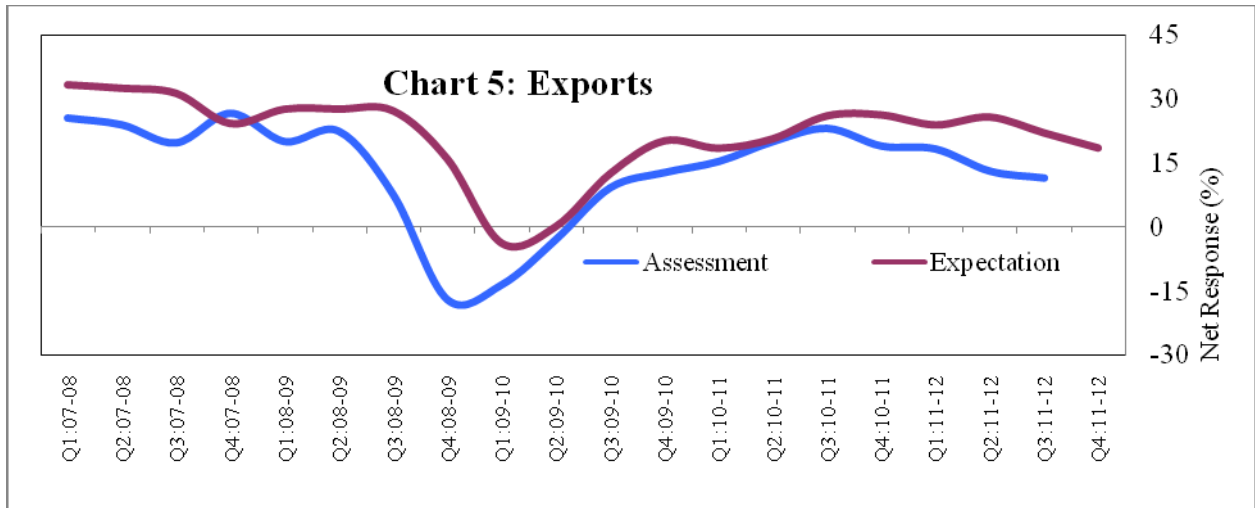


III.1.5 Inventory of Raw Materials & Finished Goods

Majority of the respondents (78 to 83 per cent) reported to have the average level of inventory of raw materials and inventory of finished goods for the assessment as well as expectation quarter ([Table 5](#)). The sentiments on the inventory position relatively remained same as compared with previous round of the survey.

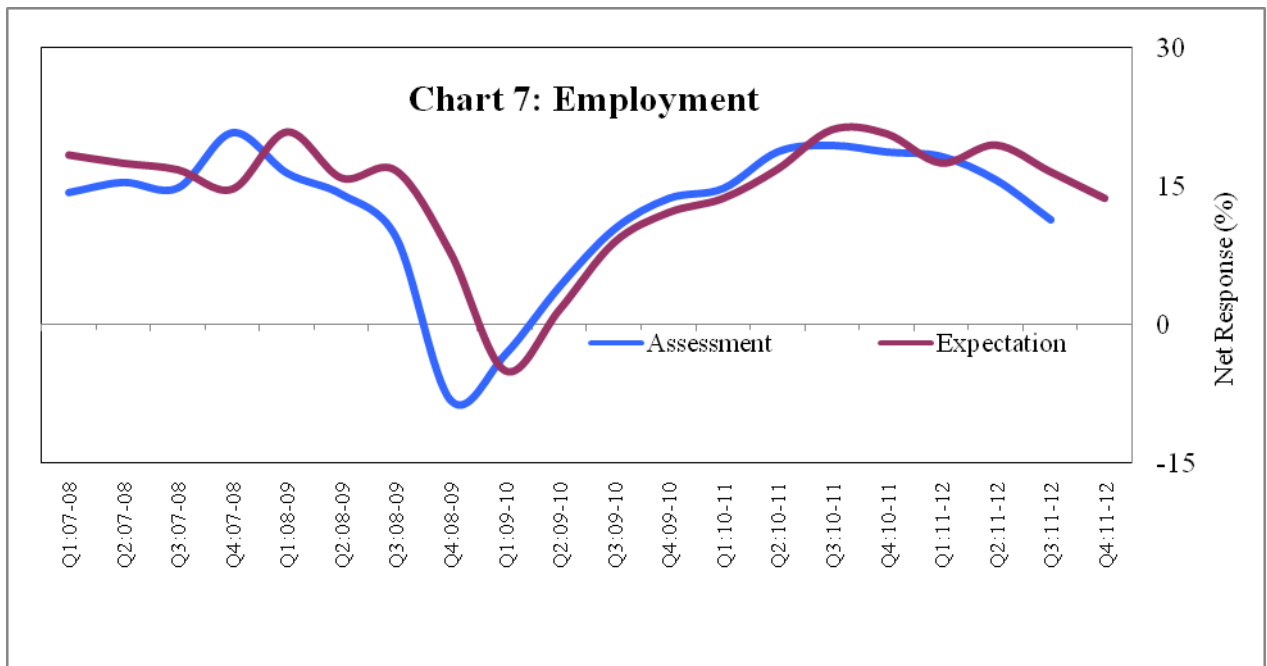
III.1.6 Exports and Imports

The survey reveals lower optimism of the manufacturing sector in terms of growth in exports and imports. The net response for exports declined to 11.5 per cent from 13.1 per cent whereas, for imports it declined to 11.6 per cent from 15.7 per cent in the assessment quarter. Similar decline in net response for exports and imports is expected for the expectation quarter (Table 6 ,Table 7 and Chart 5,Chart 6).



III.1.7 Employment Situation

About 74 per cent of the respondents reported 'no change' in their labour force in the assessment quarter and outlook for employment also remained same. However, the net response for increased employment declined further in both the quarters under review (Table 8 ,Chart 7).

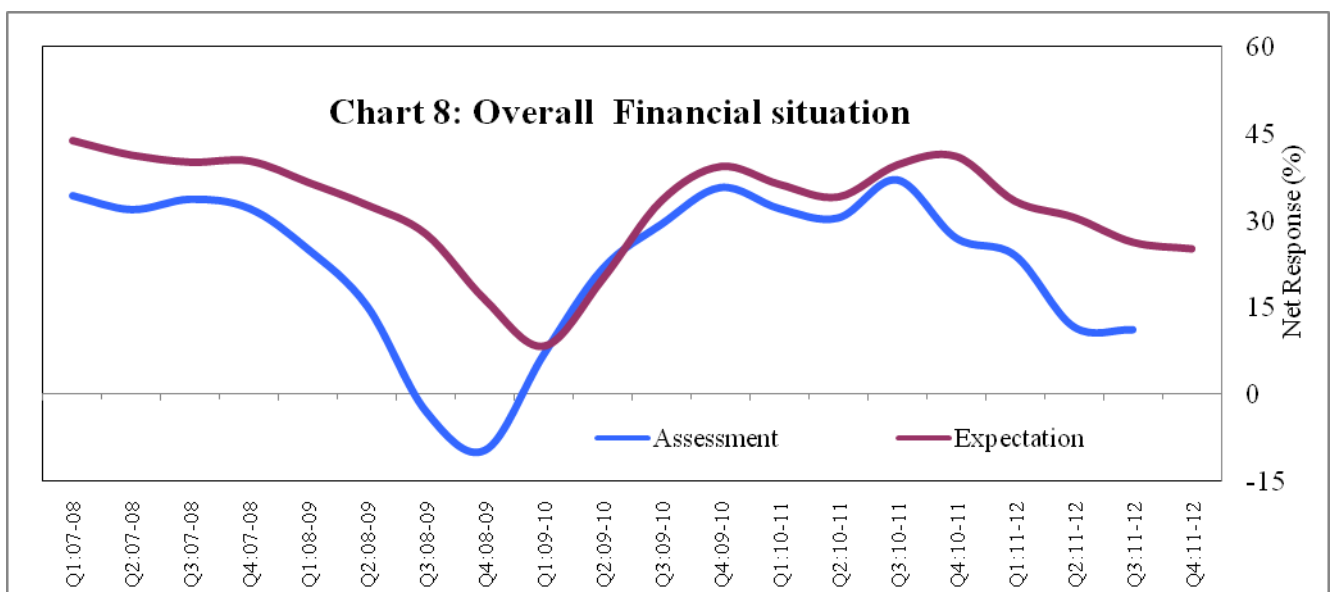


III.2 Financial Conditions

The survey assesses sentiments about financial conditions based on the parameters, viz., overall financial situation, working capital finance requirement (excluding internal sources of funds), and availability of finance (both internal and external sources), cost of external finance, cost of raw material, selling price and profit margin.

III.2.1 Overall Financial Situation

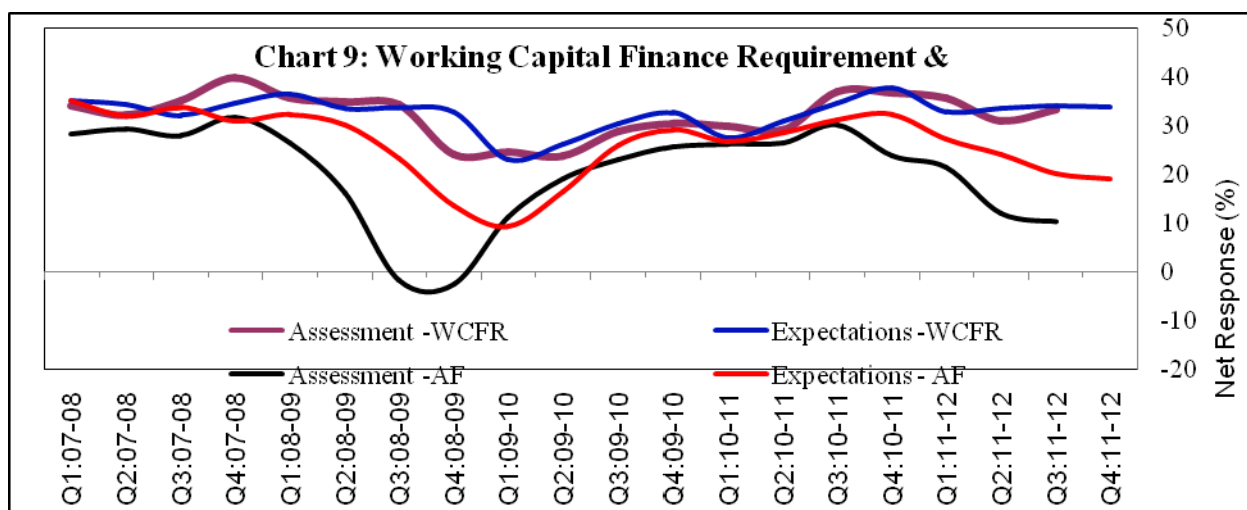
Overall financial situation showed further decline in optimism in the assessment quarter. The net response for better financial situation in assessment quarter decreased to 11.2 per cent from 11.7 per cent in the previous quarter. The manufacturers also foresee decline in overall financial situation for the expectation quarter as the net response is expected to decline to 25.2 per cent from 26.3 per cent ([Table 9](#), Chart 8).



III. 2.2 Working Capital Finance requirement and Availability of Finance

The sentiment for **working capital finance requirement** (excluding internal source of funds) in the assessment quarter improved with net response increasing to 33.3 per cent from 31.1 per cent. However, marginal decline is anticipated for the expectation quarter ([Table 10](#)).

The survey showed that higher percentage of respondents assesses/expects Availability of finance to worsen in the current/ensuing quarter. The net response on ‘Availability of finance’ has been on decline in the financial year 2011-12 ([Table 11](#), Chart 9).



III. 2.3 Cost of External Finance

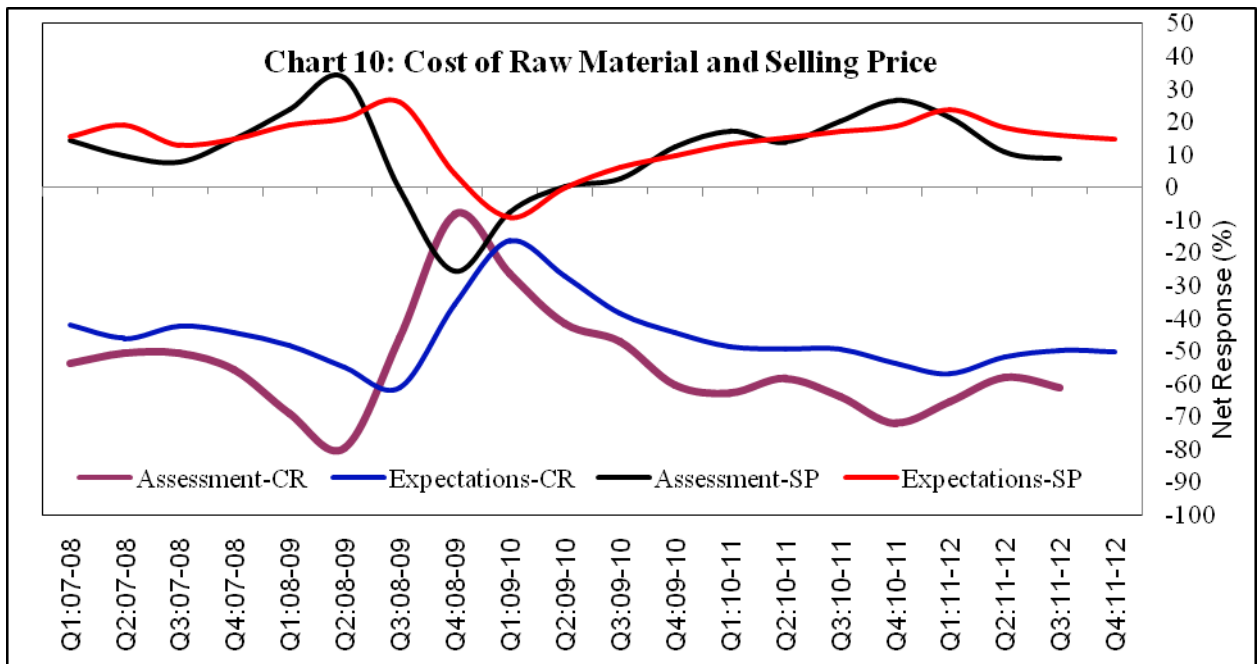
The perception about rise in the cost of funds remained strong in the assessment quarter. The survey results reveal that 53.4 per cent of the respondents feel that cost of external fund have risen during October-December 2011 ([Table 12](#)). However, one quarter ahead outlook signals slight reversal in sentiment about cost of funds.

III.2.4 Cost of Raw Material

The pressure from cost of raw material continued to increase in the assessment quarter and expected to elevate further in the next quarter. 66.3 per cent of respondents have reported further increase in cost of raw material in assessment quarter. Similarly 54.1 per cent of the respondents expected the cost of raw material to rise further in the expectation quarter ([Table 13](#), Chart 10).

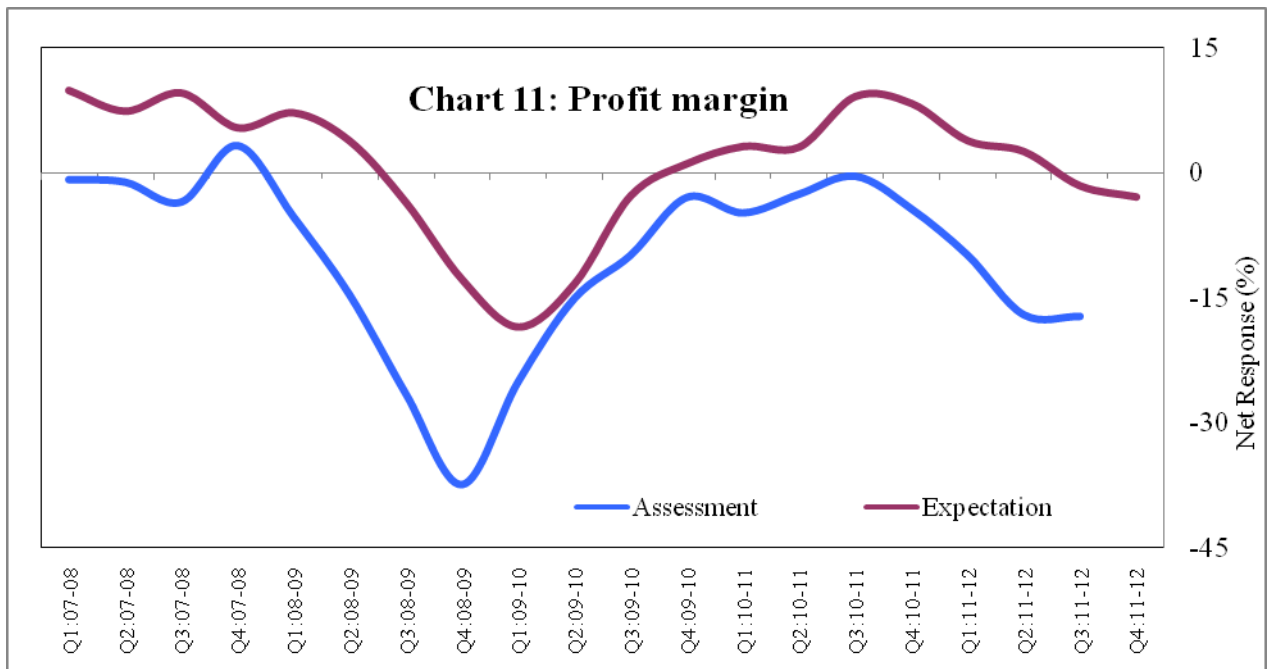
III.2.5 Selling price

The survey seeks responses on change in selling prices (ex-factory unit prices) of the manufactured products on aggregate basis. Despite a large percentage of respondents reporting cost pressure of raw material and interest, only about 24.6 per cent of them could increase the selling price over the previous quarter. Similar situation is expected in the next quarter as well ([Table 14](#), Chart 10).



III.2.6 Profit margin

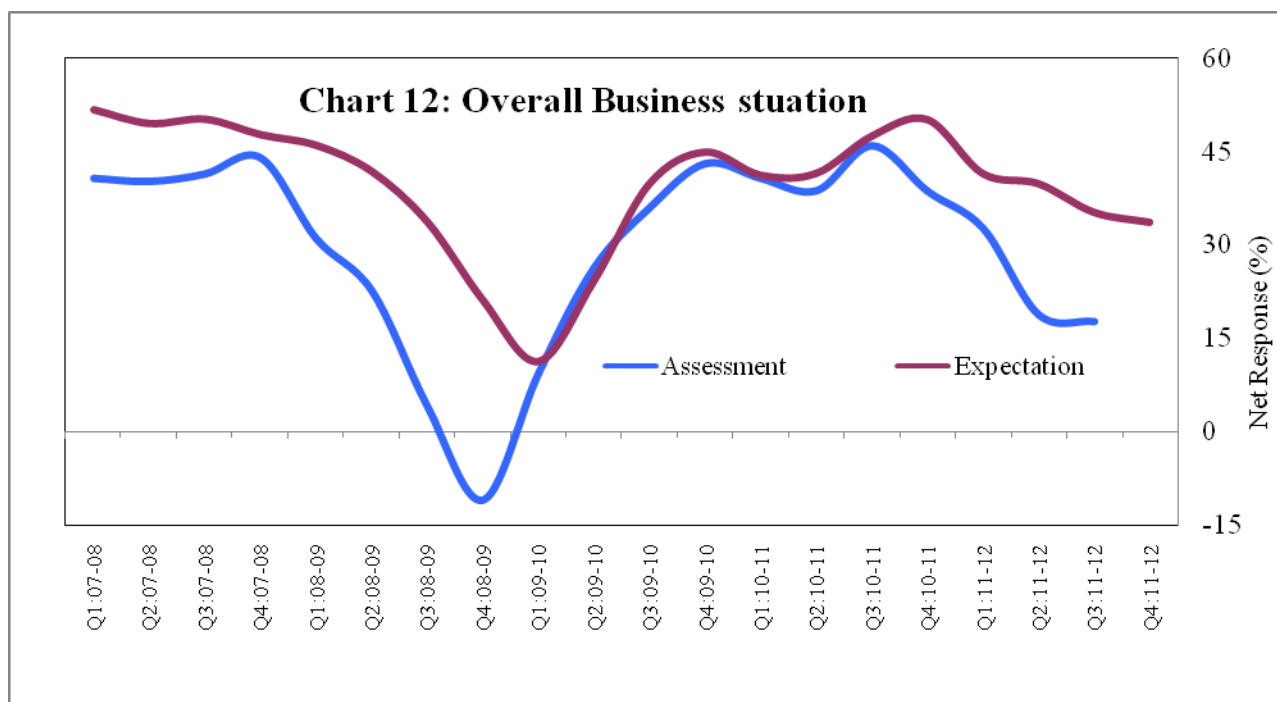
The survey seeks opinion of manufacturing companies on change in profit margin (gross profits as percentage to net sales). Around half of the respondents perceived 'no change' in profit margin, net response on increase in profit margin declined in both the quarters under review (Table 15 and Chart 11). This may be indication of lower pricing power in the manufacturing sector.



III.3 Overall Business Situation

III.3.1 Overall Business Situation

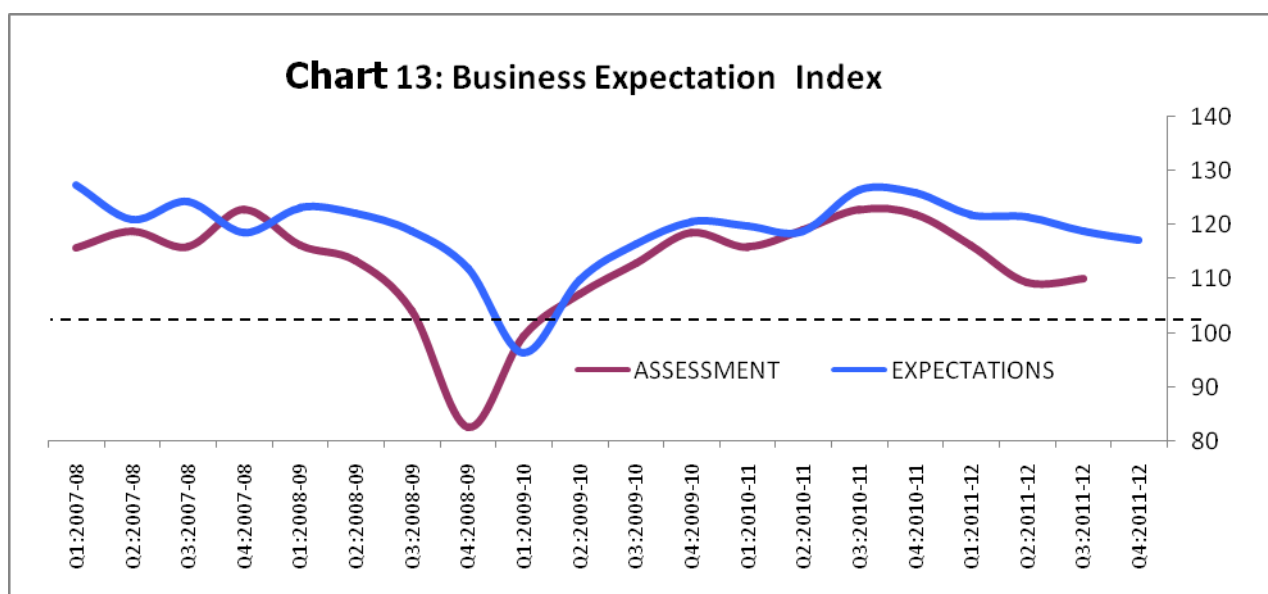
The **overall business situation** is a parameter that captures the overall confidence of manufacturing companies. The net response of the overall business situation for assessment quarter further declined to 17.7 per cent from 18.7 per cent in the previous quarter. The net response for expectation quarter also showed similar trend ([Table 16](#), Chart 12).



III.3.2 Business Expectation Index (BEI)

The Business Expectation Index gives a single snapshot of the industrial outlook in each quarter. This index is computed as a weighted average of net responses from all the industries on nine select performance parameters where the weights are the industry's share in Gross Value Added (GVA). The selected parameters are Overall Business Situation, Production, Order Books, Inventory of Raw Materials, Inventory of Finished Goods, Profit Margin, Employment, Exports and Capacity Utilisation. The methodology for compilation of the BEI is given in the article *Quarterly Industrial Outlook Surveys: Trends since 2001* published in October 2009 Bulletin.

BEI has marginally increased to 110.1 from 109.3 for assessment quarter while it declined to 117.2 from 118.8. ([Table17](#) Chart 13). A value of BEI above 100 can be considered as positive assessment/outlook on the business sentiment.



III.3.3 Industry-wise and Size-wise Analysis

Industry-wise analysis shows that majority of the industry groups was more pessimistic about input cost and less optimistic about profit margin. However, ‘Food products’, ‘Cement’, ‘Electrical machinery’ and ‘Pharmaceuticals’ industries reported optimism in demand conditions.

Size-wise analysis shows that there was higher optimism for demand conditions for bigger sized companies (Annual Production of ₹ 10 billion and above) as compared with their smaller counterpart; however, these companies were less optimistic on financial conditions ([Table 18](#)).

III.3.4 Constraints for attaining the normal production level

About 50 per cent of companies reported **Production Constraints** for attaining the normal production level during the quarter **October-December 2011**. Major constraints reported are *lack of domestic demand, shortage of power, shortage of working capital finance and uncertainty in economic environment*.

Industry-wise break-up reveals that companies in the industry groups, viz, Textiles and Basic metals felt higher production as compared to other industries. ([Table 19](#)).

III.3.5 Survey Results and Official Statistics

Chart 14 shows that the movements of annual growth rates of quarterly GDP-Manufacturing, IIP-Manufacturing (Base 2004-05) and the BEI based on assessment and expectations. It is observed that BEI has captured most of the turning points of the official statistics.

Chart 14: Business Expectation Index along with IIP & GDP

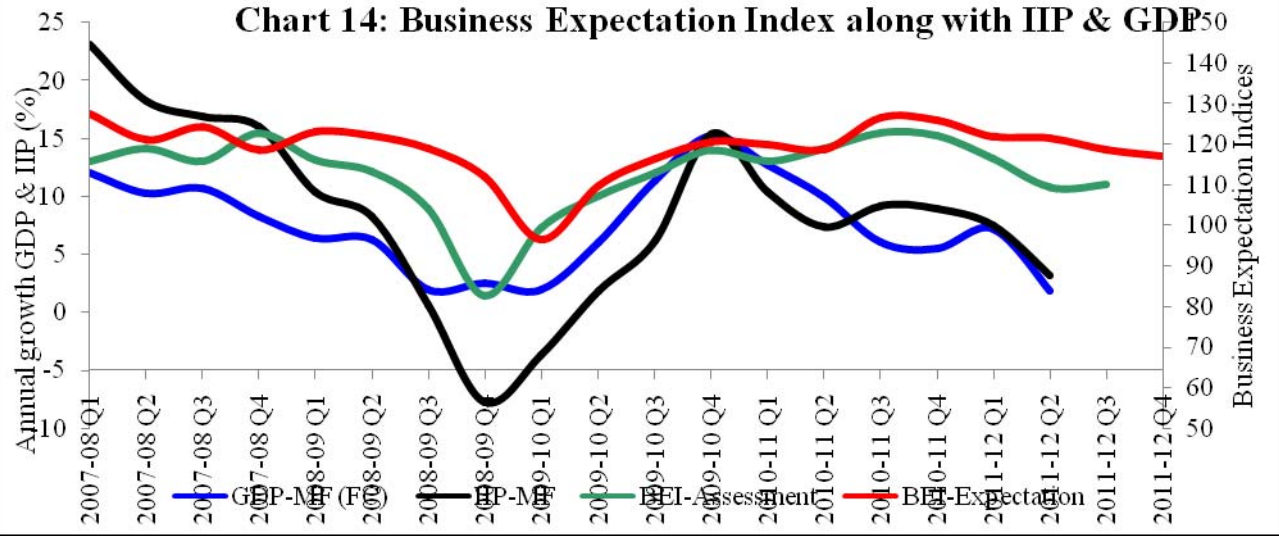


Table 1: Assessment & Expectations for Production*(Percentage responses)#*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	40.9	18.3	40.8	22.6	38.5	16.1	45.5	22.4
Oct-Dec 09	1256	44.0	15.2	40.8	28.9	46.0	11.0	43.0	35.0
Jan-Mar 10	1079	49.0	12.5	38.5	36.5	48.8	8.8	42.3	40.0
Apr-Jun 10	1092	48.4	13.0	38.6	35.4	45.8	9.9	44.3	35.9
Jul-Sep 10	1403	51.6	11.6	36.8	40.0	49.7	9.4	40.9	40.2
Oct-Dec 10	1561	53.9	10.0	36.0	43.9	55.9	6.8	37.3	49.1
Jan-Mar 11	1524	52.1	10.7	37.1	41.4	55.4	6.8	37.7	48.6
Apr-Jun 11	1504	47.8	15.7	36.5	32.1	49.1	9.1	41.8	40.0
July-Sep 11	1528	40.8	18.3	40.9	22.6	49.6	9.0	41.5	40.6
Oct-Dec 11	1450	42.2	16.9	41.0	25.3	49.5	9.5	41.0	39.9
Jan-Mar 12						49.8	9.5	40.7	40.4

Due to rounding off percentage may not add up to 100. this is applicable throughout the article .

Table 2: Assessment & Expectations for Order books*(Percentage responses)#*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	38.2	17.7	44.1	20.5	35.5	18.7	45.8	16.8
Oct-Dec 09	1256	39.5	13.6	46.8	25.9	43.5	11.2	45.3	32.3
Jan-Mar 10	1079	43.5	11.6	44.9	31.9	44.8	9.1	46.1	35.8
Apr-Jun 10	1092	41.8	10.5	47.7	31.3	42.3	8.9	48.8	33.4
Jul-Sep 10	1403	45.4	9.3	45.3	36.1	44.4	8.1	47.5	36.3
Oct-Dec 10	1561	46.9	9.1	44.0	37.9	49.8	5.1	45.1	44.8
Jan-Mar 11	1524	44.8	10.1	45.2	34.7	49.6	5.6	44.8	44.0
Apr-Jun 11	1504	42.5	14.4	43.0	28.1	45.9	7.5	46.6	38.4
July-Sep 11	1528	37.9	17.6	44.5	20.3	45.4	9.4	45.2	35.9
Oct-Dec 11	1450	36.9	18.5	44.6	18.4	43.5	10.1	46.4	33.4
Jan-Mar 12						42.3	11.0	46.7	31.3

Table 3: Assessment & Expectations for Pending Orders*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
Jul-Sep 09	1180	21.1	3.7	75.2	17.4	22.9	3.8	73.4	19.1
Oct-Dec 09	1256	17.1	5.6	77.3	11.6	15.2	4.2	80.6	11.0
Jan-Mar 10	1079	15.5	6.7	77.8	8.8	12.2	6.5	81.3	5.7
Apr-Jun 10	1092	14.3	7.4	78.3	6.9	12.9	6.4	80.7	6.5
Jul-Sep 10	1403	12.0	6.9	81.1	5.1	11.4	7.3	81.3	4.2
Oct-Dec 10	1561	11.6	7.6	80.8	3.9	8.8	7.3	83.9	1.5
Jan-Mar 11	1524	12.5	6.9	80.6	5.5	9.8	8.1	82.1	1.7
Apr-Jun 11	1504	13.3	6.7	80.0	6.5	10.4	6.6	83.0	3.9
Jul-Sep 11	1528	18.0	4.7	77.3	13.3	11.8	7.2	81.0	4.5
Oct-Dec 11	1450	17.5	5.0	77.5	12.6	13.6	6.0	80.4	7.6
Jan-Mar 12						13.7	6.5	79.8	7.3

Pending Orders 'Below Normal' is optimistic

Table 4: Assessment & Expectations for Capacity Utilisation

<i>(Percentage responses) #</i>					
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		July-Sep 11	Oct-Dec 11	Oct-Dec 11	Jan-Mar 12
Capacity Utilisation (main product)	Increase	26.4	26.9	32.1	34.5
	No Change	57.0	56.9	57.9	55.3
	Decrease	16.5	16.1	10.0	10.2
	Net Response	9.9	10.8	22.2	24.3
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	10.8	12.7	12.7	13.6
	Normal	72.0	69.0	75.0	73.8
	Below Normal	17.2	18.3	12.3	12.7
	Net Response	-6.4	-5.6	0.3	0.9
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	13.2	11.3	14.2	12.1
	Adequate	78.8	80.2	79.1	80.5
	Less than adequate	8.0	8.5	6.7	7.4
	Net Response	5.2	2.8	7.4	4.7

Table 5: Assessment & Expectations for level of Inventory (Raw material and Finished goods)

<i>(Percentage responses) #</i>					
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		July-Sep 11	Oct-Dec 11	Oct-Dec 11	Jan-Mar 12
Inventory of raw material	Below average	6.9	7.1	5.4	5.0
	Average	79.6	78.5	84.0	82.7
	Above average	13.5	14.4	10.6	12.3
	Net Response	-6.6	-7.3	-5.2	-7.3
Inventory of Finished goods	Below average	6.3	6.3	5.1	5.2
	Average	77.9	78.6	83.4	82.8
	Above average	15.8	15.1	11.5	12.0
	Net Response	-9.5	-8.9	-6.5	-6.8

Inventory of raw material and finished goods 'Below average' is optimistic

Table 6: Assessment & Expectations for Exports *(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	20.9	23.8	56.3	-2.9	20.6	20.5	59	0.1
Oct-Dec 09	1256	27.3	18.1	54.6	9.2	27.0	14.5	58.5	12.5
Jan-Mar 10	1079	28.9	16.2	54.9	12.7	31.2	11.0	57.8	20.2
Apr-Jun 10	1092	29.1	13.7	57.2	15.3	30.0	11.5	58.5	18.5
Jul-Sep 10	1403	31.8	11.8	56.5	20.0	30.8	10.1	59.1	20.7
Oct-Dec 10	1561	34.4	11.4	54.2	23.1	34.4	8.3	57.3	26.1
Jan-Mar 11	1524	32.1	13.2	54.7	18.9	34.4	8.1	57.5	26.3
Apr-Jun 11	1504	31.8	13.6	54.6	18.2	33.4	9.4	57.1	24.0
July-Sep 11	1528	28.7	15.7	56.6	13.1	35.1	9.2	55.7	25.8
Oct-Dec 11	1450	26.8	15.3	57.9	11.5	32.7	10.6	56.8	22.1
Jan-Mar 12						29.0	10.4	60.6	18.6

Table 7: Assessment & Expectations for Import *(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	21.8	14.0	64.2	7.8	17.0	12.4	70.6	4.6
Oct-Dec 09	1256	23.3	10.3	66.5	13.0	21.3	9.8	68.9	11.5
Jan-Mar 10	1079	25.5	8.4	66.1	17.1	23.4	6.5	70.1	16.9
Apr-Jun 10	1092	27.7	6.8	65.6	20.9	22.9	5.9	71.2	17.1
Jul-Sep 10	1403	28.6	6.6	64.7	22.0	27.0	5.4	67.6	21.7
Oct-Dec 10	1561	27.3	6.4	66.3	20.9	27.3	5.1	67.6	22.2
Jan-Mar 11	1524	27.0	7.1	65.8	19.9	26.7	5.4	67.9	21.3
Apr-Jun 11	1504	25.0	7.4	67.6	17.6	25.1	6.2	68.6	18.9
July-Sep 11	1528	23.3	7.6	69.2	15.7	25.1	6.1	68.9	19.0
Oct-Dec 11	1450	20.8	9.3	69.9	11.6	23.1	6.2	70.7	16.9
Jan-Mar 12						23.0	7.5	69.4	15.5

Table 8: Assessment & Expectations for Employment Outlook*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	14.2	10.1	75.7	4.1	11.5	10.0	78.6	1.5
Oct-Dec 09	1256	18.2	7.9	73.9	10.3	15.8	7.0	77.2	8.8
Jan-Mar 10	1079	21.0	7.3	71.7	13.7	18.2	6.1	75.6	12.1
Apr-Jun 10	1092	21.7	7.0	71.3	14.7	19.5	5.9	74.7	13.6
Jul-Sep 10	1403	25.1	6.3	68.6	18.7	21.8	5.1	73.1	16.8
Oct-Dec 10	1561	24.8	5.4	69.9	19.4	24.7	3.6	71.7	21.0
Jan-Mar 11	1524	24.3	5.6	70.1	18.7	25.0	4.3	70.7	20.6
Apr-Jun 11	1504	24.3	6.1	69.6	18.2	23.0	5.6	71.4	17.4
July-Sep 11	1528	22.7	7.1	70.2	15.6	24.0	4.6	71.5	19.4
Oct-Dec 11	1450	18.9	7.6	73.5	11.3	21.7	5.2	73.1	16.5
Jan-Mar 12						19.3	5.7	75.0	13.6

Table 9: Assessment & Expectations for Overall Financial Situation*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Jul-Sep 09	1180	34.3	12.5	53.2	21.8	32.8	12.8	54.4	20.0
Oct-Dec 09	1256	38.8	9.3	51.8	29.5	40.5	7.0	52.5	33.5
Jan-Mar 10	1079	42.3	6.5	51.3	35.8	44.3	5.0	50.6	39.3
Apr-Jun 10	1092	39.1	6.9	54.0	32.2	41.6	5.3	53.1	36.3
Jul-Sep 10	1403	38.7	8.1	53.2	30.6	39.7	5.6	54.8	34.1
Oct-Dec 10	1561	42.8	5.7	51.5	37.1	44.9	5.3	49.7	39.6
Jan-Mar 11	1524	35.7	8.6	55.8	27.1	45.5	4.4	50.1	41.1
Apr-Jun 11	1504	34.5	10.4	55.0	24.1	38.6	5.2	56.1	33.4
July-Sep 11	1528	27.8	16.0	56.2	11.7	37.4	6.8	55.7	30.6
Oct-Dec 11	1450	28.1	16.9	55.0	11.2	35.5	9.2	55.3	26.3
Jan-Mar 12						35.3	10.2	54.5	25.2

Table 10: Assessment & Expectations for Working Capital Finance Requirement *(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	31.2	7.4	61.4	23.8	32.3	6.0	61.7	26.3
Oct-Dec 09	1256	35.2	6.4	58.4	28.8	34.7	4.3	61.0	30.4
Jan-Mar 10	1079	35.8	5.3	58.9	30.5	36.8	4.0	59.2	32.7
Apr-Jun 10	1092	34.7	4.8	60.5	29.9	31.9	4.3	63.8	27.7
Jul-Sep 10	1403	35.6	6.3	58.1	29.3	35.2	4.1	60.7	31.1
Oct-Dec 10	1561	41.3	4.1	54.6	37.1	38.4	3.6	58.0	34.8
Jan-Mar 11	1524	41.0	4.1	54.9	36.9	40.7	3.0	56.3	37.8
Apr-Jun 11	1504	41.1	5.4	53.5	35.7	37.4	4.4	58.2	32.9
July-Sep 11	1528	36.8	5.7	57.4	31.1	38.7	5.1	56.3	33.6
Oct-Dec 11	1450	38.9	5.7	55.4	33.3	38.4	4.2	57.5	34.2
Jan-Mar 12						38.0	4.2	57.8	33.8

Table 11: Assessment & Expectations for Availability of Finance*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Improve	Worsen	No Change	Net Response	Improve	Worsen	No Change	Net Response
Jul-Sep 09	1180	28.0	8.8	63.2	19.2	27.0	10.4	62.6	16.6
Oct-Dec 09	1256	30.3	7.2	62.5	23.0	31.7	5.6	62.7	26.1
Jan-Mar 10	1079	32.1	6.4	61.5	25.7	33.7	4.5	61.8	29.2
Apr-Jun 10	1092	32.3	5.9	61.8	26.4	31.2	4.4	64.4	26.8
Jul-Sep 10	1403	32.6	6.0	61.4	26.6	32.9	4.4	62.7	28.5
Oct-Dec 10	1561	35.9	5.6	58.4	30.3	35.3	4.0	60.6	31.3
Jan-Mar 11	1524	32.1	8.3	59.6	23.8	36.4	4.0	59.6	32.3
Apr-Jun 11	1504	30.2	8.7	61.1	21.5	32.6	5.3	62.2	27.3
July-Sep 11	1528	24.0	12.0	64.0	12.1	30.0	5.8	64.2	24.2
Oct-Dec 11	1450	24.1	13.7	62.2	10.4	28.7	8.5	62.7	20.2
Jan-Mar 12						28.2	9.1	62.7	19.0

*Improvement in Availability of finance is optimism***Table 12: Assessment & Expectations for Cost of External Finance***(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No Change	Net Response	Decrease	Increase	No Change	Net Response
Jan-Mar 10	1079	7.7	23.6	68.7	-15.9	6.8	25.1	68.1	-18.3
Apr-Jun 10	1092	7.0	28.9	64.0	-21.9	6.1	26.8	67.1	-20.6
Jul-Sep 10	1403	5.0	33.2	61.8	-28.3	5.7	29.0	65.3	-23.3
Oct-Dec 10	1561	4.0	37.9	58.1	-33.9	3.8	32.1	64.2	-28.3
Jan-Mar 11	1524	3.5	46.0	50.6	-42.5	3.7	35.0	61.3	-31.3
Apr-Jun 11	1504	3.5	52.5	44.1	-49.0	3.9	38.9	57.1	-35.0
July-Sep 11	1528	3.5	53.7	42.9	-50.2	4.0	43.7	52.4	-39.7
Oct-Dec 11	1450	2.9	53.4	43.7	-50.6	3.4	44.4	52.2	-41.0
Jan-Mar 12						4.1	42.8	53.1	-38.8

*Cost of external finance 'Decrease' is optimistic***Table 13: Assessment & Expectations for Cost of Raw Material***(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No Change	Net Response	Decrease	Increase	No Change	Net Response
Jul-Sep 09	1180	8.1	49.8	42.1	-41.7	8.7	35.8	56.5	-27.1
Oct-Dec 09	1256	6.3	53.4	40.3	-47.1	5.0	43.4	51.6	-38.4
Jan-Mar 10	1079	2.2	62.3	35.5	-60.2	3.6	47.9	48.5	-44.3
Apr-Jun 10	1092	2.5	65.2	32.3	-62.7	2.2	50.8	47.0	-48.6
Jul-Sep 10	1403	3.5	61.8	34.7	-58.3	2.7	52.0	45.2	-49.3
Oct-Dec 10	1561	2.4	66.3	31.3	-63.9	3.3	52.6	44.1	-49.3
Jan-Mar 11	1524	1.7	73.7	24.6	-71.9	2.3	55.9	41.8	-53.6
Apr-Jun 11	1504	4.5	70.0	25.6	-65.5	2.5	59.5	38.0	-57.0
July-Sep 11	1528	5.3	63.3	31.4	-58.1	4.8	56.6	38.6	-51.7
Oct-Dec 11	1450	5.1	66.3	28.7	-61.2	3.7	53.4	42.9	-49.7
Jan-Mar 12						4.0	54.1	41.9	-50.1

Cost of raw material 'Decrease' is optimistic

Table 14: Assessment & Expectations for Selling Price*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	19.4	19.2	61.4	0.2	17.2	17.2	65.6	0
Oct-Dec 09	1256	18.6	15.9	65.5	2.6	19.2	13.2	67.6	6.0
Jan-Mar 10	1079	24.6	12.2	63.2	12.4	20.7	10.9	68.4	9.8
Apr-Jun 10	1092	29.3	12.0	58.6	17.3	22.4	9.1	68.5	13.3
Jul-Sep 10	1403	28.0	14.2	57.8	13.8	24.4	9.2	66.3	15.2
Oct-Dec 10	1561	30.2	10.0	59.8	20.2	25.7	8.7	65.5	17.0
Jan-Mar 11	1524	35.7	9.2	55.1	26.5	26.7	8.1	65.2	18.6
Apr-Jun 11	1504	35.0	13.4	51.6	21.5	30.6	7.0	62.4	23.7
July-Sep 11	1528	27.3	16.6	56.1	10.7	29.1	10.7	60.2	18.3
Oct-Dec 11	1450	24.6	15.7	59.7	8.9	26.8	10.8	62.4	16.0
Jan-Mar 12						25.0	10.3	64.7	14.7

Selling price 'Increase' is optimistic

Table 15: Assessment & Expectations for Profit Margin*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No Change	Net Response	Increase	Decrease	No Change	Net Response
Jul-Sep 09	1180	16.9	32.0	51.1	-15.1	16.0	29.4	54.5	-13.4
Oct-Dec 09	1256	18.1	28.0	54.0	-9.9	20.2	23.0	56.8	-2.8
Jan-Mar 10	1079	21.7	24.6	53.9	-2.9	21.1	20.1	58.8	1.1
Apr-Jun 10	1092	20.2	25.0	54.9	-4.8	22.1	18.9	59.0	3.2
Jul-Sep 10	1403	21.3	23.9	54.8	-2.5	22.2	19.1	58.7	3.1
Oct-Dec 10	1561	22.7	23.1	54.2	-0.4	25.2	16.1	58.7	9.2
Jan-Mar 11	1524	20.8	25.1	54.1	-4.3	25.6	17.2	57.2	8.3
Apr-Jun 11	1504	18.2	28.1	53.6	-9.9	22.2	18.4	59.4	3.8
Jul-Sep 11	1528	15.2	32.3	52.5	-17.1	22.0	19.5	58.5	2.5
Oct-Dec 11	1450	15.2	32.5	52.4	-17.3	20.3	21.9	57.8	-1.6
Jan-Mar 12						20.1	23.1	56.8	-2.9

Increase in Profit margin is optimism

Table 16: Assessment & Expectations of Overall Business Situation*(Percentage responses) #*

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No Change	Net Response	Better	Worsen	No Change	Net Response
Jul-Sep 09	1180	39.3	13.0	47.7	26.3	38.8	14.6	46.7	24.2
Oct-Dec 09	1256	46.0	10.1	43.9	36.0	47.2	7.4	45.4	39.8
Jan-Mar 10	1079	50.5	7.4	42.1	43.1	50.4	5.5	44.2	44.9
Apr-Jun 10	1092	47.8	7.1	45.0	40.7	47.3	6.1	46.6	41.2
Jul-Sep 10	1403	46.7	8.0	45.3	38.7	47.6	6.2	46.2	41.5
Oct-Dec 10	1561	51.4	5.5	43.1	45.9	52.5	5.1	42.4	47.4
Jan-Mar 11	1524	46.0	7.4	46.6	38.6	54.2	4.1	41.8	50.1
Apr-Jun11	1504	42.8	10.1	47.1	32.6	47.0	5.6	47.4	41.4
Jul-Sep 11	1528	34.1	15.4	50.5	18.7	46.6	6.8	46.6	39.8
Oct-Dec 11	1450	35.2	17.5	47.3	17.7	43.1	8.0	48.9	35.2
Jan-Mar 12						43.6	10.0	46.5	33.6

Overall Business Situation 'Better' is optimistic

Table-17: Business Expectation Index based on Assessment and Expectations

Quarter	ASSESSMENT			EXPECTATIONS		
	Index	Change over previous quarter	Change over previous year	Index	Change over previous quarter	Change over previous year
Jan-Mar 00	122.8	-	-		-	-
Apr-Jun 00	115.2	-7.6	-	125.5	-	-
Jul-Sep 00	116.1	0.9	-	126.1	0.6	-
Oct-Dec 00	113.9	-2.2	-	124.4	-1.7	-
Jan-Mar 01	115.2	1.3	-7.6	122.5	-1.8	-
Apr-Jun 01	109.9	-5.3	-5.3	120.7	-1.8	-4.8
Jul-Sep 01	108.7	-1.3	-7.4	118.9	-1.8	-7.2
Oct-Dec 01	100.7	-8.0	-13.2	119.5	0.6	-4.9
Jan-Mar 02	108.4	7.7	-6.8	105.3	-14.2	-17.3
Apr-Jun 02	110.8	2.4	0.9	112.3	7.0	-8.5
Jul-Sep 02	113.2	2.4	4.5	116.7	4.4	-2.2
Oct-Dec 02	113.8	0.6	13.1	121.2	4.6	1.7
Jan-Mar 03	118.4	4.6	10.0	119.7	-1.6	14.4
Apr-Jun 03	109.8	-8.6	-1.0	117.8	-1.8	5.6
Jul-Sep 03	114.3	4.5	1.1	117.2	-0.7	0.5
Oct-Dec 03	119.8	5.4	5.9	122.1	4.9	0.8
Jan-Mar 04	121.4	1.7	3.0	122.2	0.2	2.6
Apr-Jun 04	118.4	-3.0	8.6	121.5	-0.7	3.7
Jul-Sep 04	116.9	-1.5	2.6	120.0	-1.5	2.9
Oct-Dec 04	122.0	5.1	2.2	121.5	1.5	-0.6
Jan-Mar 05	122.5	0.5	1.1	123.2	1.7	1.0
Apr-Jun 05	117.5	-5.0	-0.9	120.7	-2.5	-0.8
Jul-Sep 05	114.9	-2.6	-2.0	119.6	-1.1	-0.4
Oct-Dec 05	124.3	9.4	2.3	122.7	3.1	1.2
Jan-Mar 06	120.7	-3.6	-1.8	125.7	3.0	2.5
Apr-Jun 06	121.8	1.1	4.3	120.5	-5.2	-0.2
Jul-Sep 06	120.7	-1.1	5.8	126.5	6.0	6.9
Oct-Dec 06	123.9	3.2	-0.4	125.3	-1.2	2.6
Jan-Mar 07	127.7	3.8	7.0	126.5	1.2	0.8
Apr-Jun 07	115.8	-11.9	-6.0	127.5	1.0	7.0
Jul-Sep 07	118.9	3.1	-1.8	121.1	-6.4	-5.4
Oct-Dec 07	115.9	-3.0	-8.0	124.4	3.3	-0.9
Jan-Mar 08	122.8	6.9	-4.9	118.6	-5.8	-7.9
Apr-Jun 08	116.2	-6.6	0.4	123.2	4.6	-4.3
Jul-Sep 08	113.4	-2.8	-5.5	122.1	-1.1	1.0
Oct-Dec 08	104.1	-9.3	-11.8	118.9	-3.2	-5.5
Jan-Mar 09	82.6	-21.5	-40.2	111.9	-7.0	-6.7
Apr-Jun 09	99.4	16.8	-16.8	96.4	-15.5	-26.8

Jul-Sep 09	107.2	7.8	-6.2	109.9	13.5	-12.2
Oct-Dec 09	112.8	5.6	8.7	116.4	6.5	-2.5
Jan-Mar 10	118.5	5.7	35.9	120.6	4.2	8.7
Apr-Jun 10	115.9	-2.6	16.5	119.8	-0.8	23.4
Jul-Sep 10	119.0	3.1	11.8	118.8	-1.0	8.9
Oct-Dec 10	122.8	3.8	10.0	126.5	7.7	10.1
Jan-Mar 11	122.0	-0.8	3.5	125.9	-0.6	5.3
Apr-Jun 11	116.3	-5.7	0.4	121.9	-4.0	2.1
Jul-Sep 11	109.4	-6.93	-9.67	121.5	-0.4	2.7
Oct-Dec 11	110.1	0.8	-12.7	118.8	-2.7	-7.7
Jan-Mar 12				117.2	-1.6	-8.7

Table 18: Size-wise analysis: Annual Production and Paid-up Capital (PUC) for Assessment quarter.

Parameter	PUC-wise						Production-wise					
	Small		Medium		Big		Small		Medium		Big	
	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56
Overall business situation	20.7	18.8	36.9	16.9	36.3	25.6	33.6	15.3	36.4	21.6	42.4	12.1
Overall Financial situation	16.4	10.9	27.6	10.3	31.1	24.4	23.7	7.8	28.6	15.2	27.1	8.9
Working Capital Finance Requirement	22.0	27.9	34.9	34.5	33.0	30.2	28.9	28.1	37.4	39.2	32.2	40.0
Availability of Finance	7.9	10.9	21.9	10.6	14.3	7.0	16.9	8.7	23.4	14.5	33.3	2.1
Cost of external finance	-30.1	-36.9	-41.7	-51.8	-42.2	-57.0	-34.5	-40.7	-45.5	-55.0	-43.1	-66.0
Production	26.9	19.1	41.2	24.9	40.4	41.9	37.2	19.4	41.5	27.8	37.9	35.6
Order Books	27.0	14.2	33.9	17.6	37.3	38.6	32.5	14.9	33.9	20.5	27.8	22.6
Pending Orders, if applicable	14.7	15.6	7.1	13.1	7.2	-3.0	10.5	16.3	5.6	10.2	-2.0	7.4
Cost of raw materials	-56.7	-65.9	-48.8	-60.8	37.4	-57.6	-54.7	-63.3	-45.6	-59.1	-47.5	-61.6
Inventory of raw materials	-4.9	-5.7	-5.1	-7.4	0.0	-8.3	-1.8	-2.6	-8.0	-10.8	-1.8	-10.1
Inventory of Finished Goods	-3.7	-5.0	-6.4	-9.2	2.2	-10.8	-4.1	-4.2	-7.8	-12.1	-10.3	-13.0
Capacity utilisation	6.7	9.3	23.3	10.1	26.4	23.5	18.0	5.9	24.3	14.5	23.7	13.9
Level of capacity utilisation	-1.8	-5.5	0.0	-6.3	-7.7	3.5	-4.9	-13.1	3.9	1.1	0.0	-4.2
Assessment of the production capacity	6.2	0.6	7.6	3.4	11.0	0.0	4.3	-1.2	9.9	5.0	10.3	8.4
Employment in the company	6.7	11.5	16.7	11.6	7.7	7.0	7.4	7.5	19.6	13.0	1.7	17.9
Exports, if applicable	9.8	2.5	23.3	12.7	26.0	8.7	14.0	4.9	27.9	15.9	30.8	16.2
Imports, if any	6.9	2.5	18.2	12.4	20.2	14.5	13.6	5.8	19.7	14.5	18.5	18.4
Selling prices	14.2	5.5	16.0	8.8	21.8	16.7	13.5	3.8	17.7	12.1	25.9	14.1
If increase expected in selling prices, rate of such increase	13.6	17.9	17.4	20.0	5.5	22.7	17.5	20.7	16.5	17.1	20.5	28.1
Profit Margin	-16.1	-18.2	-0.7	-18.4	5.6	0.0	-7.4	-21.8	2.0	14.8	-5.2	-11.2

Net Response (%) for October-December 2011

Smaller companies (annual production less than ₹ 1 billion /PUC less than ₹10 million).

Medium companies (annual production between ₹ 1 billion to ₹ 10 billion /PUC between ₹10 million ₹1 billion)

Big companies (annual production above ₹10 billion / PUC above ₹1 billion)

Table 19: Constraints for attaining the normal production level Industry-wise

	Production Constraint			
	NO		YES	
	Count	%	Count	%
FOOD PRODUCTS	63	45.7	75	54.3
TEXTILES	62	33.0	126	67.0
BASIC METALS AND METAL PRODUCTS	87	42.2	119	57.8
ELECTRICAL MACHINERY	48	50.0	48	50.0
OTHER MACHINERY AND APPARATUS	94	53.1	83	46.9
TRANSPORT EQUIPMENT	45	47.4	50	52.6
FERTILIZERS	20	62.5	12	37.5
PHARMACEUTICAL AND MEDICINES	66	66.7	33	33.3
BASIC CHEMICALS	58	58.0	42	42.0
RUBBER AND PLASTIC PRODUCTS	38	48.1	41	51.9
PAPER AND PAPER PRODUCTS	19	46.3	22	53.7
CEMENT	16	44.4	20	55.6
WOOD AND WOOD PRODUCTS	12	63.2	7	36.8
DIVERSIFIED	14	70.0	6	30.0
OTHER INDUSTRIES	75	60.5	49	39.5
All companies	717	49.4	733	50.6